**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Advance Demand Flexibility Through Electric Rates.	Rulemaking 22-07-005

<u>REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U-39), SAN DIEGO GAS & ELECTRIC COMPANY (U-902E), AND SOUTHERN CALIFORNIA EDISON COMPANY (U-338E) ON PROPOSED DECISION AUTHORIZING FUNDING FOR TRACK A OF PHASE 1 CONSULTANT SERVICES</u>

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Pursuant to Rule 14.3(d) of the Rules of Practice and Procedure of the California Public Utilities Commission (CPUC or Commission), Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) (the IOUs) submit these Reply Comments in response to the Comments submitted by the Utility Consumers' Action Network (UCAN) (the UCAN Reply) regarding the Proposed Decision Authorizing Funding for Track A of Phase 1 Consultant Services, issued March 1, 2023 (the Proposed Decision).

The Proposed Decision authorizes the Commission's Energy Division to approve cost recovery by PG&E, SDG&E, and SCE to pay for third-party consulting services by Energy+Environmental Economics (E3) to develop a spreadsheet tool to help parties design income-graduated fixed charges in this proceeding. The Proposed Decision orders that PG&E, SDG&E, and SCE "shall share the total $425,000 in consultant costs and contract administration costs authorized in this decision proportionally as follows: 40 percent PG&E, 40 percent SCE, and 20 percent SDG&E."[1] As to this 40/40/20 split, the Proposed Decision follows the recommendation of Energy Division in its Phase 1 Track A: Income-Graduated Fixed Charge

[1] Proposed Decision at Ordering Paragraph (OP) 2.

Guidance Memo (the Staff Guidance Memo), which was attached to the Administrative Law Judge's Ruling issued in this proceeding on January 17, 2023 (the January 17, 2023 Ruling).[2]

UCAN asserts that "the proposed cost share ratios [are] unreasonable and overly burdensome to the ratepayers of SDG&E," and that the cost breakdown should be 45% PG&E, 45% SCE, and 10% SDG&E, in line with the relative load shares of these three utilities.[3]

As an initial matter, the January 17, 2023 Ruling invited parties to file comments by February 3 and replies by February 13 on the proposal to fund E3's services as set forth in the Staff Guidance Memo, and specifically as to the reasonableness of (a) the proposed scope of work and budget; (b) contracting with E3; and (c) the proposed contracting and cost recovery processes.[4] These topics clearly encompassed Energy Division's proposed 40/40/20 split of the E3 consulting costs among PG&E, SDG&E, and SCE.

However, UCAN did not submit comments on February 3 or February 13. Moreover, UCAN's comments on the Proposed Decision fall outside the bounds of Rule 14.3(c) insofar as they do not identify any factual, legal, or technical errors in the Proposed Decision or reference any record evidence or applicable law in support of UCAN's position. Accordingly, the Commission may reject UCAN's argument as waived, untimely, and procedurally improper.

In any event, the Proposed Decision's order of a 40/40/20 split, based on Energy Division's recommendation, is appropriate given the particular needs of the proceeding and the scope of E3's work, and is in line with precedent.[5] Although PG&E and SCE are larger than SDG&E, all three utilities are parties in this proceeding and will be subject to the Commission's orders with respect to the residential fixed charges authorized by Assembly Bill 205 and rate design measures intended to promote demand flexibility. PG&E, SCE, and SDG&E will benefit equally from E3's work for Energy Division, as will other parties to this proceeding that are not

[2] See Staff Guidance Memo at 14.
[3] See UCAN Reply at 2-3.
[4] See January 17, 2023 Ruling at 1, 4.
[5] See Decision 91-11-064, Finding of Fact 7 ("It is reasonable to divide the compensation awards among the utilities as follows: PG&E, 40%; Edison, 40%; and SDG&E, 20%.").

contributing to E3's costs. A 40/40/20 split accounts for SDG&E's smaller size while also taking into account the equal benefit it will derive from E3's work.

For these reasons, the Commission should not adopt UCAN's proposed modifications to the Proposed Decision.

Respectfully submitted on behalf of Joint IOUs,

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